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HOUSE APPROPRIATIONS COMMITTEE

March 3, 2021

TESTIMONY

Submitted by

**Dr. James D. Ball, President
Carroll Community College**

HB0589 – Budget Reconciliation and Financing Act (BRFA) of 2021

Position: Oppose

The Fiscal Year 2022 budget submitted by Governor Hogan included the required full funding of the community college CADE formula. However, the Governor simultaneously proposed rescinding nearly two-thirds of that increase in the Budget Reconciliation and Financing Act (BRFA) of 2021. HB 589 amends the community college appropriation to award a 5.5 percent increase to community Colleges. It also has a provision to eliminate the CADE funding Formula, which ties our funding to a percentage of the appropriation awarded to the University System of Maryland.

If sitting in your legislative chair I would ask: *“Why on earth would Community College’s object to a 5.5% increase? Aren’t you being crazy greedy?”*

That is a fair question to which I respond... community colleges have endured many BRFA reductions over the past twelve years. The impact of these reductions has created upward pressure on tuition increases just to help colleges meet increases in fixed costs. Our objection also focuses on the proposed elimination of the CADE funding formula which would be disastrous for community colleges.

To understand the impact of the BRFA recommendation requires understanding the cumulative impact of BRFA actions taken over the last decade. This year’s BRFA comes on the heels of flat FY21 for community college funding which cost community colleges collectively over \$36.2 Million. The impact on Carroll Community College alone was a loss of well over \$1 Million in badly needed new revenue. While this was understandable in context of the uncertain financial impact of the pandemic, it marked the eighth time since 2009 that community college State funding has been rebased. The combined loss in revenue to community colleges after eight BRFA reductions now is well over \$140 million.

Maryland's community colleges are dealing with the serious impact of the COVID pandemic. Loss of revenue from sudden decline in enrollment is significant for all campuses. Relief funds have helped to support students who have persisted and have provided needed emergency funds from which Colleges have covered the cost of massive shift to fully remote operations. Relief funds do not protect against revenue loss from enrollment decline or support operating funds. Despite enrollment decline, community colleges stand ready to serve in the retooling and reskilling of the workforce as Maryland recovers from the Pandemic, but we need a fair and reliable source of funding to assure to deliver on this important part of our mission.

While the reduction in FY22 funding is very concerning, of greater concern is the provision that eliminates the CADE formula and ties our funding instead to state revenue growth estimates. This would be disastrous for my college and all community colleges. The Legislative Services Office projects that the fiscal impact of that change in funding over the next five years (2022-2026) will be a loss of \$147 Million in revenue.

The CADE formula was established to provide equitable funding with four-year institutions. If funding for public four-year institutions is reduced or raised, so too are funds awarded to community colleges, but still, the tie to a percentage of the universities' funding remains intact. This provides equity and serves to temper decision making during funding deliberations for both segments of higher education.

Adequate and stable funding is extremely important to our institutions which serve nearly half of all undergraduates in Maryland. We provide education and training for essential workers such as first responders, nurses and allied health professionals, and day care teachers, as well as cyber security and other crucial workforce segments. Further, community colleges enroll most of Maryland's underserved students, who without affordable local access would not be able to attend college. But the CADE formula does not just provide for the equitable provision of state aid to community colleges, it also provides a method by which colleges can conduct necessary long-term fiscal planning, which will be lost if the CADE funding formula is eliminated. We are vigorously opposed to that happening.

Community colleges do a phenomenal job serving Maryland's economy, and we provide a handsome return on taxpayer investment. Further, we have provided exemplary response during the pandemic. When conditions required, we moved quickly and competently to delivering instruction and college operations entirely online. And last Fall at Carroll and most community colleges, we safely resumed about one-third of our courses in face-to-face format on campus. Such a strong response needs to be recognized and acknowledged with equitable and predictable funding.

I thank you for your time and consideration. I also thank you for your commitment to the students and to the counties your local community colleges so very capably serve. I hope the House Appropriations Committee will restore the \$26 Million cut to Community College appropriations and remove the proposed elimination of the CADE formula provision included in HB 589.